GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4227
ANSWERED ON:04.05.2007
BANKS IN RURAL AREAS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government is contemplating to extend the service areas of public sector banks to rural areas due to competition in urban areas as reported in Daimk Jagran dated March 26, 2007;

(b) if so, the strength of rural population on which a branch of a bank is opened;

(c) the strength on which the branch of a bank is opened in urban areas,

(d) whether the facl.ity of ATM is also being provided to villages in rural areas,

(e) if so, the details hereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (e) : No, Sir. Under the extant Branch Authorisation Policy, a policy framework has. been put in. place which would be consistent with the medium term corporate strategy of bsinks and public interest. The Reserve Bank of India, while considering applications for opening branches, gives weightage to 1iie nature and scope of-banking faciiiiies provided bjf banks to common persons, particularly in underbanked areas, aeiual credit flow to the priority sector, pricing of products and overall efforts for promoting financial inclusion, including introduction of appropriate new products and the enhanced use of technology for delivery of banking services.

In order to facilitate blinks to identify centres in underbanked districts, a list of such districts has also been forwarded to them. Further, new private sector banks are required to open 2;5% of their branches in rural/semi urban areas on an ongoing basis.
Population groups are defined as under:-

(a) `Rural` group comprises of banked centers with population less than 10,000.

(b) `Semi-urban` group comprises of banked centers with population of 10,000 and above but less than 1 lakh.

(c) `Urban` group comprises of banked centers with population 1 lakh and above but less than 10 lakh. Banks have already opened ATMs in rural areas. As on March 31, 2006 there were 579 Off-site ATMs of commercial banks in rural areas.